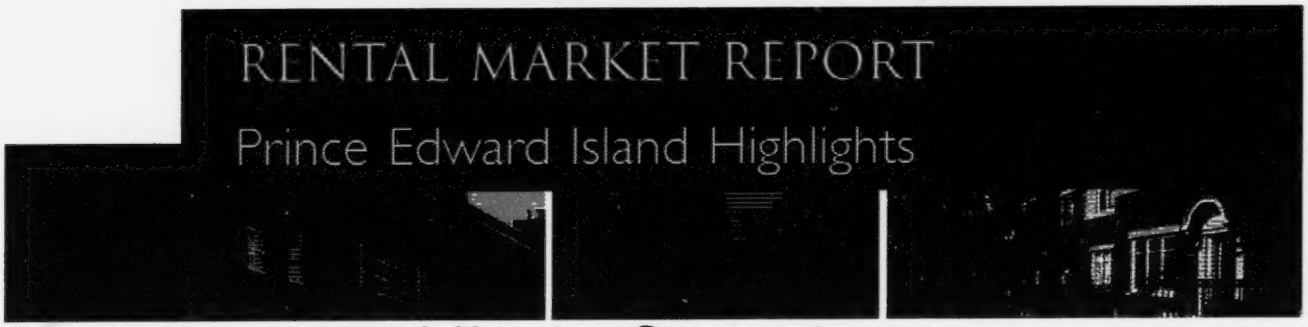
RENTAL MARKET REPORT

Prince Edward Island Highlights



Canada Mortgage and Housing Corporation

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Vacancy Rates Decline in Prince Edward Island

- The overall vacancy rate in Prince Edward Island's urban centres stood at 3.4 per cent in April 2009.
- The Charlottetown area posted a slightly higher level than the provincial rate at 3.5 per cent.
- The average two bedroom rent in Charlottetown was $695, compared to the provincial average of $681.

Overview

Results from Canada Mortgage and Housing Corporation's 2009 Spring Rental Market Survey revealed that the vacancy rate for provincial urban centres declined to 3.4 per cent, from 4.9 per cent during the same period last year.

For the past seven years, the Charlottetown housing market has been performing at an above average level, but recent trends indicate that the market is returning to more sustainable levels. The most recent cycle of residential construction, which started in 2002, was spurred on by low interest rates, strong employment growth, positive migration, low vacancy rates and relatively low home prices.

This strong demand for housing of all types, combined with low interest rates, did not go unnoticed by developers who took the opportunity to build new rental units. As a result, the construction of new rental projects was well above average during the period from 2002 to 2004. This level of activity caused supply to temporarily outpace demand for new units, culminating in the vacancy rate climbing to 4.8 per cent in 2006. However, with fewer rental starts in both 2007 and

Figure 1

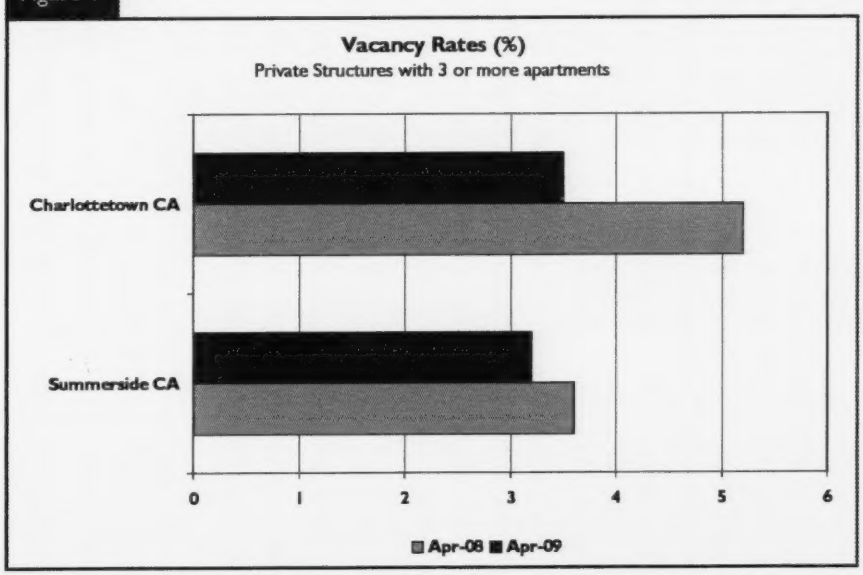

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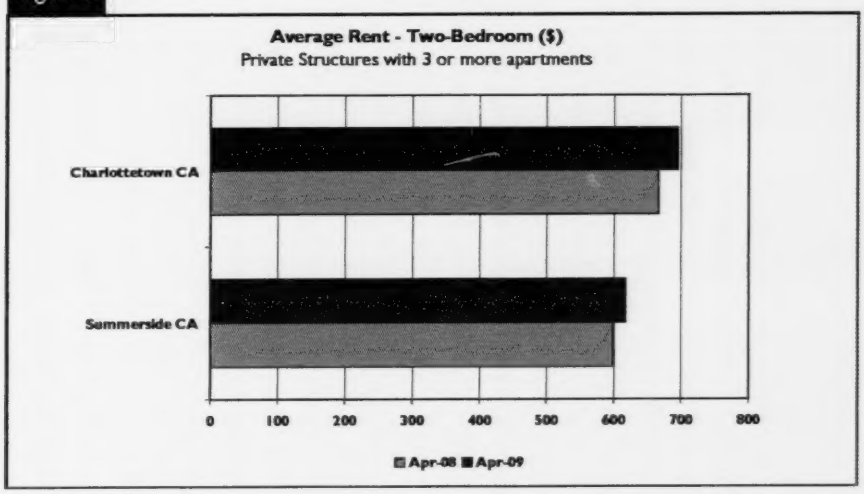
Figure 2



2008, and demand remaining strong due to continued in-migration, the vacancy rate declined in 2009.

In Charlottetown, the overall vacancy rate fell for the third consecutive year to 3.5 per cent from 5.2 per cent during the same period last year. In terms of unit types, the vacancy rate for the two bedroom units, which make up the vast majority of the rental universe, decreased to 3.6 per cent from 4.7 per cent in the spring of 2008. The spring vacancy rate in Summerside was down to 3.2 per cent from 3.6 per cent in 2008. The decline in Summerside was the result of fewer one bedroom units available for rent in the spring of 2009.

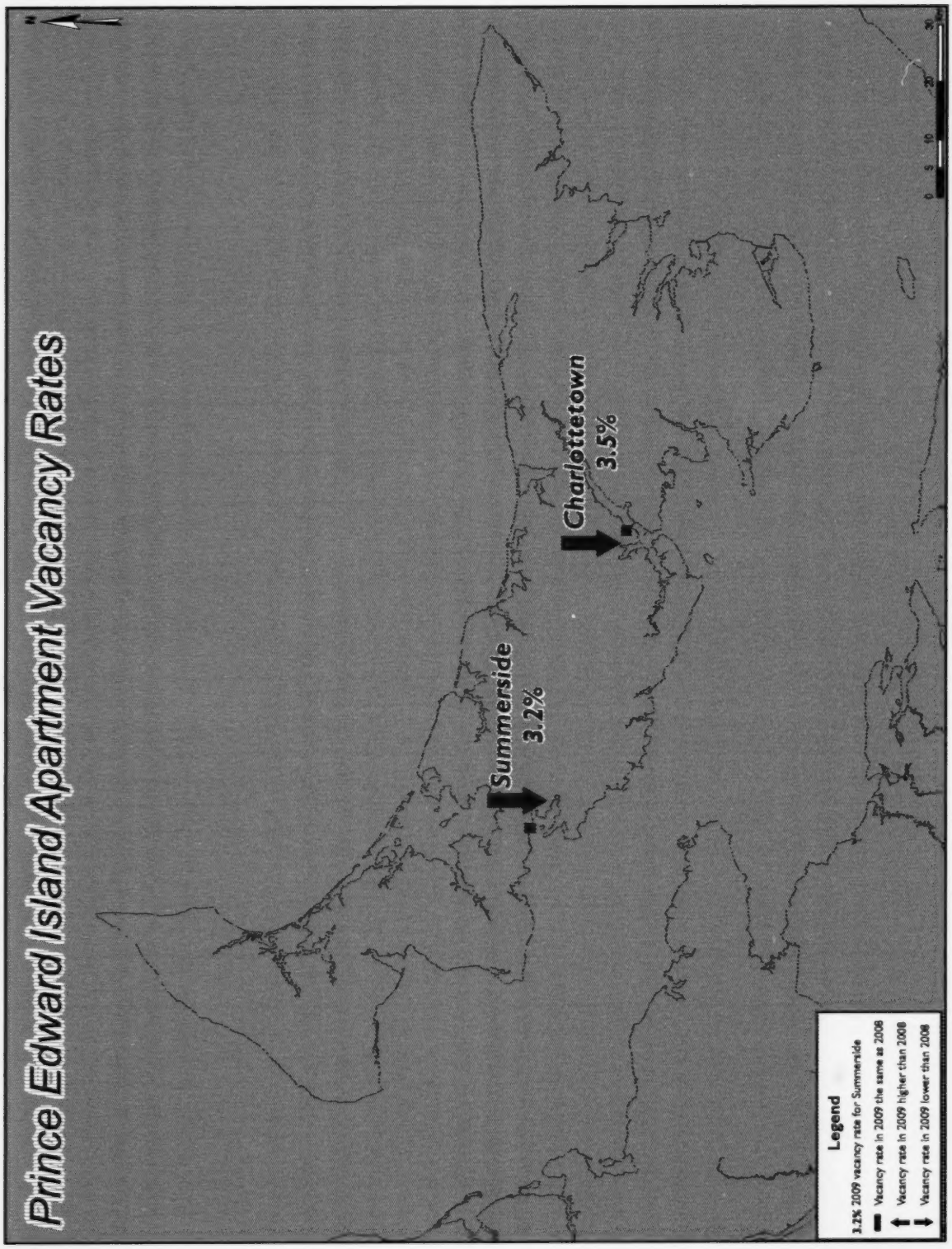
The average total rent in the Charlottetown area was $652, while the average two bedroom rent was higher at $695. In Summerside, the average total rent was $602.

This year's overall average rent increased 4.3 per cent based on units common to both the 2008 and 2009 spring surveys. The increase was not unexpected as the Island Regulatory and Appeals Commission (IRAC), which manages residential rental increases, allowed increases of 5.0 and 3.0 per cent for heated and unheated units respectively. With these increases landlords sought to increase rents to make up for the high heating costs experienced in the 2007/2008 winter due to the rapid rise in the price of heating oil.

Availability Rates

In addition to the vacancy and rent data that is collected each year as part of the annual Rental Market Survey, landlords and property managers were asked about rental unit *availability*.

The availability rate for the urban centres in Prince Edward Island declined to 5.6 per cent this year from 6.5 per cent in April 2008. For the second year in a row Charlottetown posted a slightly higher rate of 6.1 per cent, which was a decline of one percentage point from the 2008 level.


Prince Edward Island Apartment Vacancy Rates
Charlottetown
3.5%
Summerside
3.2%
Legend
3.2% 2009 vacancy rate for Summerside
Vacancy rate in 2009 the same as 2008
Vacancy rate in 2009 higher than 2008
Vacancy rate in 2009 lower than 2008

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09
Charlottetown CA	7.0 c	**	5.6 b	2.8 b	4.7 b	3.6 b	**	**	5.2 a	3.5 b
Summerside CA	**	**	4.4 a	0.0 b	3.1 b	3.4 b	4.5 a	5.1 a	3.6 a	3.2 b
Prince Edward Island 10,000+	**7.0 c**	****	**5.4 b**	**2.4 b**	**4.4 b**	**3.5 b**	**6.4 c**	**4.3 d**	**4.9 a**	**3.4 b**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09
Charlottetown CA	430 a	451 a	531 a	555 a	665 a	695 a	789 a	788 a	623 a	652 a
Summerside CA	427 b	445 b	480 a	486 a	598 a	617 a	716 a	697 a	588 a	602 a
Prince Edward Island 10,000+	**430 a**	**450 a**	**525 a**	**547 a**	**653 a**	**681 a**	**764 a**	**755 a**	**617 a**	**643 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \leq cv \leq 2.5$), b – Very good ($2.5 < cv \leq 5$), c – Good ($5 < cv \leq 7.5$)
d – Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2009 by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Charlottetown CA	**	145	29 b	1,060	89 b	2,504	**	168	135 b	3,877
Summerside CA	**	13	0 b	144	18 b	515	4 a	82	24 b	754
Prince Edward Island 10,000+	**	**158**	**29 b**	**1,204**	**107 b**	**3,019**	**11 d**	**250**	**159 b**	**4,631**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09	Apr-08	Apr-09
Charlottetown CA	7.0 c	**	7.8 b	5.7 b	6.6 b	5.9 b	9.8 c	**	7.1 a	6.1 a
Summerside CA	**	**	4.4 a	0.0 b	3.1 b	3.4 b	4.5 a	5.1 a	3.6 a	3.2 b
Prince Edward Island 10,000+	**7.0 c**	**	**7.4 b**	**5.0 b**	**6.0 a**	**5.5 a**	**8.0 c**	**	**6.5 a**	**5.6 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent [1] by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-07 to Apr-08	Apr-08 to Apr-09	Apr-07 to Apr-08	Apr-08 to Apr-09	Apr-07 to Apr-08	Apr-08 to Apr-09	Apr-07 to Apr-08	Apr-08 to Apr-09	Apr-07 to Apr-08	Apr-08 to Apr-09
Charlottetown CA	++	5.4 c	1.0 d	4.9 b	**	4.3 a	++	4.3 c	1.8 c	4.5 a
Summerside CA	++	**	++	7.1 c	2.5 c	3.8 c	++	0.9 a	2.2 c	3.2 d
Prince Edward Island 10,000+	**++**	**5.2 c**	**0.9 d**	**5.2 a**	**2.1 c**	**4.2 a**	**++**	**3.5 d**	**1.8 c**	**4.3 a**

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
++ change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0)
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in 2008 vs. $550 in 2009 represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the 2008 and 2009 Spring Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The data collected for a structure depends on whether it is an apartment or a row structure. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the April 2008 and April 2009 Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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